

Ward, Jim (UTC)

From: Kloss, Richard [rkloss@suncadia.com]
Sent: Thursday, August 21, 2008 4:10 PM
To: Ward, Jim (UTC)
Subject: RE: Suncadia Water Data Request # 3.
Attachments: J Ward DR#3 (2).doc; Data Request #3.xls

Mr. Ward,

Attached is the information you requested. Please let me know if I may be of any further assistance.

Richard Kloss

Water & Environmental Manager
4244 Bullfrog Road, Suite 2 | Cle Elum, WA 98922
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From: Ward, Jim (UTC) [mailto:JWard@utc.wa.gov]
Sent: Tuesday, August 19, 2008 3:33 PM
To: Kloss, Richard
Subject: RE: Suncadia Water Data Request # 3.

Great thank You.

Jim Ward

Tel: 360-664-1250 Fax: 360-586-1150

From: Kloss, Richard [mailto:rkloss@suncadia.com]
Sent: Tuesday, August 19, 2008 3:28 PM
To: Ward, Jim (UTC); gordonw@fcsgroup.com
Cc: Shutler, Dennis (UTC)
Subject: RE: Suncadia Water Data Request # 3.

Mr. Ward,

I have asked the accounting department to send me a reply to your DR #3 at their very earliest convenience. I will forward the information as soon as it is received.

Richard Kloss

Water & Environmental Manager
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From: Ward, Jim (UTC) [mailto:JWard@utc.wa.gov]
Sent: Tuesday, August 19, 2008 1:33 PM
To: Kloss, Richard; gordonw@fcsgroup.com
Cc: Shutler, Dennis (UTC)
Subject: Suncadia Water Data Request # 3.

Mr. Kloss

I have finished my review and need some additional information to help clarify the company's expenses.

I have attached DR #3. I am hoping to finish the review and submit to my managers for review. I am also working on the customer comments and staff responses. My initial plan is to present this at the open meeting of September 11.

I believe we could then have new rates effective September 15 or October 1. This would be the company's choice depending on billing cycle.

I will be forwarding my rate design very soon.

The rate design will be different and incorporates conservation blocks for all customers. Additionally the ready to serve customers will be getting a higher rate.

Jim Ward
Regulatory Analyst
Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504-7250
Tel: 360-664-1250
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E-mail: jward@utc.wa.gov

To: Gordon Wilson
Cc: rkloss@suncadia.com
Subject: Suncadia rates to customers.

Mr. Wilson
In review of the tariff filing and my memo, I may have made an error in calculating the monthly average bill to customers.

In my memo I used	
Monthly base of	43.86
Fire protection	5.43
and average usage at	
first 7,000 gallons	11.13 at 1.59 per 1,000 gallons
next 1,871 gallons	5.95 at 3.18 per 1,000 gallons
Total	66.31

My error is that residential customers have 1-inch lines which allow premise fire protection and thus they **would not** be charge the additional **\$5.43**. Only those customers with an additional 1-inch dedicated fire protection line would be charged the \$5.43 (or multiple thereof).

So the average residential customer's bill would be \$60.88, right?

Additionally, I used 8,871 gallons per month for average usage.

From your model in attachment 7 you use 80,700 gallons for single family residential for annual water used. This equates to **6,725 gallons per month** for average use. Is this the correct usage?

Thank you for your help.

Jim Ward
Regulatory Analyst
Utilities and Transportation Commission
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Ward, Jim (UTC)

From: Gordon Wilson [GordonW@fcsgroup.com]
Sent: Monday, August 04, 2008 3:47 PM
To: Ward, Jim (UTC)
Cc: rkloss@suncadia.com
Subject: RE: Suncadia rates to customers.

Hi, Jim,

Sorry it took me a few days to get back to you.

1. You are correct that the special fire protection charge does not apply to single-family customers, just to the commercial buildings with dedicated fire lines. It is based on the size of the fire line, with the relationship between 2" or 4" fire lines and a 1" fire line the same as the relationship between a 2" or 4" meter and a 1" meter. For a 1-inch fire line, the amount is a flat \$5.43 per month. For larger fire lines, the amount is a multiple of the amount for a 1-inch fire line. But single-family customers don't have dedicated fire lines, so they do not pay the special fire protection charge.

2. Yes, the average single-family residential bill is \$60.88, counting both the base charge and the average consumption charge over the course of the whole year. You can see that figure in Attachment 17, "Key Assumptions and Results," in cell H52, which adds together the base charge of \$43.86 and the average consumption charge per month of \$17.02.

3. Yes, 6,725 gallons per month is the average water use for single-family customers, though the model rounds it off to 6.7 thousand-gallons per month. If you follow the cell reference from "Key Assumptions and Results cell H52 back a couple of steps, it points to the source of the average single-family consumption charge per month (the \$17.02 figure). That source is on Attachment 14 "Consumption Rate," in cell J11. Notice there that the \$17.02 figure results from multiplying the average monthly water use (rounded off to 6.7 thousand-gallons) by \$2.54 per thousand-gallons, not by any of the block rates for single-family customers. That \$2.54 rate is the weighted average of the three block prices (using the 60%/30%/10% assumption for the distribution of revenue among the three blocks); it is also the consumption rate used for all the other customer classes. It is the "underlying" consumption rate for all the customers, even though the single-family consumption goes through an extra calculation to spread it across the three blocks.

It's important to use the weighted average rate when you're working with average consumption amounts, because there is a difference between the "amount that will be paid by a customer using an average amount of water" and the "average bill across all single-family customers." The second figure (the "average bill across all single-family customers") will always be a higher number, because it captures the effect of the high-use customers who spend more time in the 2nd and 3rd blocks. In contrast, the customer who merely uses the average amount across the full year will never find himself in Block 3. The "typical customer analysis" on the "rates and sample bills" tab shows the results for the good customer who stays within the average amount of water use: the bill will range from \$51.65 in January to \$56.58 in July. However, when you include the water hogs, the overall average bill for all single-family customers ends up being \$60.88. That "high water user" in July who is paying \$239.75 is actually subsidizing his rule-abiding fellow homeowners (which is the purpose of inverted block pricing).

I hope that helps! Let me know if I've just confused matters more . . .

Thanks,

Gordon Wilson | Project Manager
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Redmond, WA 98052

FCS GROUP
gordonw@fcsgroup.com

From: Ward, Jim (UTC) [mailto:JWard@utc.wa.gov]
Sent: Wednesday, July 30, 2008 11:26 AM

Ward, Jim (UTC)

From: Kloss, Richard [rkloss@suncadia.com]
Sent: Monday, July 28, 2008 2:26 PM
To: Ward, Jim (UTC)
Subject: RE: Questions on Suncadia operations

Mr. Ward,

The following is in response to your questions:

- #1 We do not use time sheets, however, we will be using them in the near future.
- #2 The employees time is split 50/50 between the water and sewer operations. There are a minimal number of times they may help out another Suncadia LLC office, but it is very incidental.
- #3 No, however, during a 3 – 4 week period when the cottonwood trees release a large amount of cotton it becomes necessary to clean the intake filter. When this happens, we will go to the Yakima River Pump Station and brush off the filter which takes about 15 minutes.

Richard Kloss
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From: Ward, Jim (UTC) [mailto:JWard@utc.wa.gov]
Sent: Monday, July 28, 2008 1:12 PM
To: Kloss, Richard
Subject: Questions on Suncadia operations

Mr. Kloss

I have a few questions that I don't think have been asked yet and would help clarify things to me.

- 1. Do the employees of Suncadia water prepare time sheets for work done on the water and sewer systems? If no will they being using timesheets in the future?
- 2. Are the water/sewer employees used outside of the water and sewer operations and if yes how is their time and cost accounted for?
- 3. Does Suncadia provide any work or assistance to the city of Cle Elum for the water provided? If yes how is time and cost accounted for?

Jim Ward
Regulatory Analyst
Utilities and Transportation Commission

Ward, Jim (UTC)

From: Kloss, Richard [rkloss@suncadia.com]
Sent: Thursday, July 24, 2008 2:23 PM
To: Ward, Jim (UTC)
Subject: RE: Suncadia Water company rate filing.

Mr. Ward,

Q. As I understood the water is pumped from the river (using 3 pumps) and runs directly to the golf courses. I don't recall any storage at all and there may be some booster pumping or station (UC6) to help deliver the water.
A. There are 2 irrigation pumps at the Yakima River Pump[Station (YRPS) with space for one additional pump when required. The irrigation pumps send water to three (3) ponds, Prospector, Rope Rider & Tumble Creek. The ponds act as irrigation reservoirs.

UC6 is a booster pump for irrigation potable and wastewater.

Q. I don't remember talking about the path of the piping and if you can tell me where it runs in relation to the potable or the development that would be great.

A. It runs along the same route as the potable.

Q. When the golf courses do not need water the river-front pumps are shut off until needed.

A. This is correct.

Let me know if there is any further information that you may need.

Richard Kloss
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From: Ward, Jim (UTC) [mailto:JWard@utc.wa.gov]
Sent: Thursday, July 24, 2008 11:31 AM
To: Kloss, Richard
Subject: Suncadia Water company rate filing.

Mr. Kloss

Please refresh and confirm my memory about the irrigation water system.

As I understood the water is pumped from the river (using 3 pumps) and runs directly to the golf courses. I don't recall any storage at all and there may be some booster pumping or station (UC6) to help deliver the water.

I don't remember talking about the path of the piping and if you can tell me where it runs in relation to the potable or the development that would be great.

When the golf courses do not need water the river-front pumps are shut off until needed.

Please let me know if I am not correct or missing something.

Thank you

Jim Ward

Regulatory Analyst

Utilities and Transportation Commission

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